

## Message Text

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73

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00

PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SS-20 USIA-15

ACDA-19 IO-14 IGA-02 STR-08 CEA-02 DRC-01 /243 W

----- 027427

R 191619Z OCT 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7479

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL ARE NEW DELHI 12232

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: WEEKLY FOODGRAIN SITUATION

REF: NEW DELHI 11958

BEGIN SUMMARY - THE IMPROVEMENT TRENDS IN INDIA'S FOODGRAIN  
SUPPLY/PRICE POSITION, IN EVIDENCE OVER THE PAST SEVERAL DAYS,  
ARE CONTINUING. THE INDIAN NEGOTIATING TEAM HAS RETURNED FROM  
MOSCOW BUT NO FURTHER OFFICIAL STATEMENT ABOUT THE DETAILS  
OF SOVIET GRAIN LOAN TO INDIA HAS BEEN ISSUED. OFFICIAL SOURCES  
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INDICATE THAT THERE WILL BE NO INTEREST CHARGES ON THE GRAIN

LOAN, THAT INDIA DN THE SOVIET UNION WILL SHARE THE SHIPPING COST ON A 50-50 BASIS AND THAT NO US GRAIN WILL BE INVOLVED IN THE SOVIET GRAIN LOAN TO INDIA. THE ODI ANNOUNCED INCREASES OF BETWEEN 15 TO 33 PERCENT IN THE ISSUE PRICES OF MILLED RICE AND FALL-HARVESTED COARSE GRAINS EFFECTIVE, NOVEMBER 1.  
END SUMMARY

1. THE IMPROVEMENT TRENDS IN INDIA'S FOODGRAIN SITUATION INDICATED IN REFTEL ARE CONTINUING. IT NOW SEEMS EVIDENT THAT RURAL AREAS ARE THROUGH THE WORST OF THE CURRENT FOOD SHORTAGE PERIOD AND THAT FOODGRAIN SUPPLIES IN URBAN CENTERS WILL IMPROVE WITHIN THE NEXT FEW WEEKS. IN FACT, SOME DECLINE IN RETAIL FOODGRAIN PRICES HAS OCCURRED IN SOME URBAN CENTERS DUE TO SLIGHT INCREASES IN FOODGRAIN SUPPLIES.

2. THERE APPEARS TO BE SOME RELAXATION IN GOI'S ATTITUDE TOWARDS THE ESTABLISHMENT AND OPERATION OF STATE FOOD CORPORATIONS. AGRICULTURAL MINISTER AHMED HAS STATED THAT GOI WILL NOT OBJECT TO THE ESTABLISHMENT OF STATE FOOD CORPORATIONS PROVIDED THE STATES ACHIEVE THEIR PROCUREMENT TARGETS, FULLFILL THEIR

DELIVERY QUOTAS TO THE CENTRAL GOVERNMENT AND ABSORB THE PERSONNEL CURRENTLY EMPLOYED BY THE (FCI) FOOD CORPORATION OF INDIA WITHIN THE STATE.

3. THE GOI TEAM TO NEGOTIATE DETAILS OF THE TWO MILLION IN SOVIET GRAIN LOAN RETURNED TO NEW DELHI FROM MOSCOW ON OCTOBER 16. THE TEAM DID NOT HOLD A PRESS CONFERENCE OR RELEASE AN OFFICIAL STATEMENT CONCERNING THE NEGOTIATIONS. WE UNDERSTAND, HOWEVER, FROM OFFICIAL SOURCES THAT FCI AND EXPORT HLEB SIGNED AN AGREEMENT IN MOSCOW COVERING IMPLEMENTATION DETAILS. THE ONLY ADDITIONAL INFORMATION AVAILABLE THUS FAR IS THAT THERE WILL BE NO INTEREST CHARGES ON THE GRAIN LOAN, THAT THE GOI AND THE SOVIET UNION WILL SHARE THE SHIPPING COST ON 50-50 BASIS, AND THAT NO US GRAIN WILL BE INVOLVED IN FULFILLING THE SOVIET'S TWO MILLION TON LOAN COMMITMENT. WHILE THE AGREEMENT PROVIDES THAT THE GRAIN LOAN WILL BE REPAYED IN KIND, THERE ARE ALTERNATIVE PROVISIONS WHICH WILL PERMIT PARTIAL REPAYMENT OF THE LOAN WITH OTHER ITEMS SUCH AS CORN AND PEANUTS IN LIEU OF WHEAT OR RICE.

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4. IN PARA 4 REFTEL, GOVERNMENT PROCUREMENT PRICES FOR 1973 FALL HARVESTED GRAINS WERE REPORTED. IN THE PAST WEEK, GOVERNMENT ISSUE PRICES OF THESE GRAINS TO THE STATES WERE ANNOUNCED. THE NEW ISSUE PRICES FOR DIFFERENT VARIETIES OF MILLED RICE RANGE BETWEEN RS. 125 AND RS. 160 PER QUINTAL OR AN INCREASE OF 25-26 PERCENT OVER EXISTING ISSUE PRICES. THE ISSUE PRICES OF COARSE GRAINS HAVE ALSO BEEN INCREASED BY 15 TO 33 PERCENT

OVER EXISTING PRICES. THE NEW SCHEDULE OF ISSUE PRICES WILL  
BECOME EFFECTIVE NOVEMBER 1. FURTHER DETAIL OF FOODGRAIN  
PRICES WERE INCLUDED IN IN-3066, DATED OCTOBER 17, 1973.

5. CONGESTION CONTINUES AT THE BOMBAY PORT, WHERE APPROXIMATELY  
ONE-HALF OF INDIA'S FOODGRAIN AND FERTILIZER IMPORTS ARE OFFLOADED.  
FOLLOWING APPEALS FROM NEW DELHI AND THE MAHARASHTRA CHIEF  
MINISTER, LEADERS OF THE STRIKING WORKERS AT BOMBAY PORT ALLOWED  
GRAIN UNLOADING TO BE RESUMED ON OCTOBER 18. CONGEN BOMBAY  
REPORTED ON OCTOBER 18 THAT SHIPS CARRYING 52,000 TONS OF FERTILIZER  
AND 125,000 TONS OF FOODGRAINS ARE AWAITING BERTHING SPACE.  
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## Message Attributes

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